

# Public Service Commission of West Virginia

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201 Brooks Street, P.O. Box 812  
Charleston, West Virginia 25323



Charlotte R. Lane  
Chairman

August 26, 2019

The Honorable Neil Chatterjee, Chairman  
The Honorable Cheryl A. LaFleur, Commissioner  
The Honorable Richard Glick, Commissioner  
The Honorable Bernard L. McNamee, Commissioner  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Re: Request that FERC move Docket AD18-7 to a  
high priority

Dear Commissioners:

The Public Service Commission of West Virginia (PSCWV) is acutely aware of the importance of reliability and resilience of electricity supply. We are also aware of the pressures on the FERC emanating from your efforts to rely on a workably competitive power supply market while also assuring a reliable and resilient mix of generation resources. You are faced with the unenviable task of, on one hand, fostering a competitive market by allowing it to work outside the historical regulatory oversight model while, on the other hand, assuring a reliable, always-available, wholesale electricity supply. If the market was truly competitive, individual supply-side participants should operate free of regulatory mandates and bear the results, positive or negative, from the market response to their decisions. But the need for reliability and resilience of power supply is too critical to the public health and welfare, and to the U.S. economy, to simply sit back and let the market determine the reliability and resilience it wishes to offer.

In September 2017, the Secretary of Energy suggested a Rulemaking that would address resilience from the standpoint of on-site fuel supply. We understand that the FERC did not believe that the proposed Rulemaking was the appropriate proceeding for considering the resilience of power supply related to on-site fuel supplies. Instead, FERC opened docket AD18-7 to “holistically examine the resilience of the bulk power system.” The PSCWV had hoped for a more immediate ruling focused on fuel security that would have assured the preservation of a reasonable balance between the FERC-preferred

free-market-based approach and an approach that would require or encourage the level of fuel-secure power supply that is necessary to meet the public interest. But, we understood the problems facing the FERC and hoped that there could be a quick turnaround in AD18-7, at least with regard to the resilience aspect of a secure, on-site generation fuel supply.

It has been nearly two years since the Secretary of Energy submitted a Notice of Proposed Rulemaking to FERC and twenty months since AD18-7 was initiated in January 2018. From the initiation of AD18-7 to around July 2018, there were numerous responses to the questions posed by FERC and reply comments to those responses. Since July 2018, however, there has been little activity in the Docket other than a few motions to update information of parties.

While we await further action in AD18-7, fuel-secure electric generating facilities that have on-site fuel stockpiles providing months of generation capability continue to be retired. From 2010 to 2017, leading up to the Secretary of Energy Proposed Rulemaking, approximately 53,000 Megawatts (MW) of coal-fired capacity were retired. For the period 2018 through 2025, actual and planned retirements total another 32,000 MW. Most of the individual generation units retired from 2010 to 2017 were older, smaller units with an average age of about 55 years and average unit capacity of about 125 MW. More recent retirements are newer and much larger units. In 2018, the average capacity of retired units was 350 MW with an average age of 46 years.<sup>1</sup>

We are concerned that retirements of old, less efficient coal-fired units that some argue were so inefficient that retirement was a given are over and we are now seeing premature retirements of more efficient super-critical units that should have 10 to 15 years of remaining life.

We are also concerned that, in addition to losses of fuel-secure coal-fired plants, retirements of nuclear plants, which have even greater on-site fuel capability than most coal-fired plants, are slated to increase. From 2013 through 2018, approximately 5,000 MW of nuclear capacity was retired. From 2019 through 2025, another 11,000 MW of nuclear capacity has been announced as retiring.<sup>2</sup>

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<sup>1</sup> U.S. Energy Information, July 9, 2019, More U.S. Coal-Fired Power Plants are Decommissioning as Retirements Continue, Web Article, accessed August 23, 2019 at [www.eia.gov/todayinenergy/detail.php?id=40212](http://www.eia.gov/todayinenergy/detail.php?id=40212)

<sup>2</sup> U.S. Energy Information, March 21, 2019, Despite Closures, U.S. Nuclear Electricity Generation in 2018 Surpasses Its Previous Peaks, Web Article, accessed August 23, 2019 at [www.eia.gov/todayinenergy/detail.php?id=38792](http://www.eia.gov/todayinenergy/detail.php?id=38792).

The PSCWV does not believe that the possibility of fuel supply interruptions is so remote that it should not enter into your consideration of an appropriately resilient generation mix. We have had first-hand experience with threats to generation capability due to fuel supply interruptions. These fuel supply interruptions, some due to extreme weather conditions and some due to interruptions at the supplier level, sometimes lasted for several weeks or several months. They went largely unnoticed by the general public in this state because generation at the coal-fired power plants in West Virginia continued during these interruptions due to ample supplies of on-site fuel. While they have not occurred often, we are concerned that widespread, unexpected fuel interruptions could occur again and they could not be handled, even with implementation of demand-side responses, without inventories of on-site fuel supplies at a sufficient number of power plants.

We are writing to urge the FERC to move AD18-7, and particularly consideration of fuel supply security as it relates to resilience of our power supply markets, to a high priority and consider the need for mechanisms and market rules to assure not just a low-cost, but also a reliable, resilient, fuel-secure power supply mix so that if future unexpected fuel supply interruptions occur, they will not result in an inability to maintain electric service at the level required for the public health and safety.

Please feel free to contact me at the number or email address provided on my letterhead, or you may directly contact our advisor, David Ellis, at 304-382-3836, [dellispsc@gmail.com](mailto:dellispsc@gmail.com), if you or your staff have any questions or require any information from the perspective of a State Regulatory Commission charged by our State Legislature to, among other things, “assure the availability of adequate, economical and reliable utility services throughout the state.”

Thank you for your prompt consideration of our request.

Respectfully,



Charlotte R. Lane  
Chairman

cc: The Honorable Jim Justice, Governor of West Virginia  
Brooks F. McCabe, Jr., Commissioner, PSCWV  
Renee A. Larrick, Commissioner, PSCWV  
David J. Ellis, Consultant